

Trade Invest Monthly

Hawaii's International Business Network

HAWAII NOTICES

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2001 Economic Summit

Building on the success of the first Economic Summit program held last year, the 2001 Economic Summit will again be offered across the state with an expanded agenda of information, workshops, and resources.

The summit will be held to promote economic and business development in Hawaii.

The objective of this conference is to connect resource and assistance providers in both the public and private sectors with the independent businesses and economic development entities that were seeking such resources for start up, growth and expansion efforts.

The tentative schedule is as follows:

September 20, 2001 – Honolulu – Hawaii Convention Center

October 17, 2001 – Lihue, Kauai – Radisson Beach Resort

The events for Maui, Kona, and Hilo will be announced soon.

REGISTRATION FEE: \$15.00 per participant.

As part of the event, companies and organizations will have the opportunity to display their products and services in the "Resource Fair". Organizations providing products or services to support small business and economic growth, training, education and professional development will find this display forum ideal. The cost is \$65.00 per display table to participate. For applications and information contact Mary Dale, SBA Economic Development Specialist at Tel: (808) 541-2983.



The planning and presentation of the 2001 Economic Summit is led by DBEDT, the Offices of Economic Development for the City & County of Honolulu, Hawaii County, Kauai County, Maui County, and Economic Development Boards. The Summit is also supported by federal agencies including EDA, HUD, FDIC, and SBA.

For more information, contact the Hawaii Women's Business Center at Tel: (808) 522-8130.

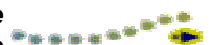
Japan—Import of Decorative Accessories in 2000

Source: U.S. & Foreign Commercial Service. As Japanese consumers become increasingly interested in home fashion and integrated home furnishings, they are beginning to realize that decorative accessories help augment their quality of life. Industry experts note that this trend is contributing to increased imports of decorative accessories into Japan. According to import statistics compiled by the Government of Japan, Japan imported 171,280 million-yen or US\$1,585.9 million of decorative accessories in year 2000, a 7.4 increase over 1999 on a dollar basis. U.S. suppliers of decorative accessories are advised to include Japan in their international marketing plan. Major

international trade shows of decorative accessories are listed at the end of this report.

Japanese imports of decorative accessories increased from 163,363 million yen (US\$1,476 million at 114/\$) to 171,280 million yen (US\$1,585.9 million at 108 yen/\$) in year 2000. This is a 7.4% increase over 1999 on a dollar basis, reflecting the strong home fashion/lifestyle market. Industry experts point out that Japanese consumers' interest in imported decorative accessories is high because of their high quality, broad variety and competitive price.

**More Worldwide
Market Reports inside**



China's Accession to the WTO: Effect on U.S. Agricultural Products in Hong Kong

Source: U.S. Department of Agriculture

Hong Kong currently transships a large portion of U.S. agricultural products into China.

Its role as an entrepot may change as a result of China's accession to the WTO. With the expected lowering of trade barrier in China resulting from China's accession, Hong Kong's share of the China trade will likely decline as more imports go directly to China ports. How-

(Continued on page 3)

Worldwide Market Reports

Due to the large number of requests for reports, we have made the request process easier to better serve you. Complete the request form at the end of the newsletter and Fax to (808) 587-3388, or send an Email message to: tradeinvest@dbedt.hawaii.gov. **The report service offered is reserved for Hawaii companies only.**

If you are outside of Hawaii and are interested in the reports highlighted in our newsletters, please go to the United States Department of Commerce website, www.stat-usa.com. You will have the choice of ordering the reports you need for a small fee or you can subscribe to their service for an annual fee and have unlimited access to all reports and services. **For a copy of a report, send the request form provided by Fax: (808) 587-3388 or by email to tradeinvest@dbedt.hawaii.**

Japan - Herbal Products

Source: Japan External Trade Organization (JETRO). The earliest exposure of the Japanese public to herbal products was in 1969, when the Japan Green Tea Co., Ltd imported Pompadour herbal teas from West Germany. Kanebo followed in 1972 with the marketing of herbal teas containing hibiscus and other ingredients.

Soon herbs became more prevalent to a point where pilot retail stores specializing in herbs started to appear in the Tokyo area in the 1980's.

The herb market showed significant growth in the 1980's and this period became known as the "first herbal boom."

From about 1993, with increased demand focusing on aromatherapy, Japan experienced a "second herbal boom" that lasted to about 1998.

Herbs have gained a sufficient degree of familiarity with the Japanese consumers, and Hawaii herbal suppliers should be aware of the diverse applications by the Japanese ranging from medications, food, cosmetics, toiletries, fragrances, oils, and dyes. 🌿

New Zealand – Energy/Power Generation

Source: U.S. & Foreign Commercial Service - Wellington. In May 2000, the New Zealand government passed the Energy Efficiency and Conservation Act. This Act has the purpose to promote energy efficiency, energy conservation and the use of renewable sources of energy in New Zealand.

The report states that electricity generation is expected to significantly change as hydroelectricity system – which is close to capacity – is expected to decline from 74% in 1995 to about 55% in 2020.

New Zealand has not implemented a renewable energy target. However, the U.S. & Foreign Commercial Service feels that with New Zealand's commit-

ment to reduce its annual greenhouse gas emissions, the outlook for renewable energy sources is very good. Applicable renewable energy resources include: solar, wind, ocean (tidal and wave), hydro, geothermal, and biofuels (landfill gas, biogas, biomass). 🌍

Korea – Apparel Market

Source: U.S. & Foreign Commercial Service – Seoul. Korea's apparel industry has played a key role in Korea's industrial development, and it continues to be a key economic component.

Although Korea experienced an economic slowdown during the 1997-1999 economic crisis, Korea's apparel industry has recovered to its pre-crisis level and is once again expanding.

The Korean fashion industry is projected to grow 5.7% to US\$10 billion in 2001.

With Korean embrace of Western fashions, the U.S. & Foreign Commercial Service reports that there are "enormous business opportunities for U.S. apparel manufacturers."

For Hawaii apparel companies interested in the Korean market, the niche market is the high-end market dominated by foreign designer brands, imported mainly from the U.S. and Europe.

The high-end markets were once exclusive to local manufacturers, but changes in Korea's distribution system has created additional distribution channels including department stores, hyper-stores, discount-specialty stores, discount retailers, and home shopping.

Recent studies show that Korean consumers tend to be brand-savvy and price-conscious when making apparel purchases. Most Korean consumers seem to correlate imported brand names and higher prices with superior quality. Korean consumers "place a premium on the wearing of luxury brands as a way of displaying one's social position and wealth." 🌐

Net Profits & Prophets

Japan - "Beyblades"

"Three, two, one, go shoot!" Since the beginning of this year, there has been a sharp increase in the number of elementary school students who can be seen standing in circles in toy stores or on street corners calling out



these words as they battle with tops. These kids are called "bladers," and they spin plastic tops in a dish-shaped "stadium"

about 40 centimeters in diameter. Called 'beyblades' the toys are modeled after a similar type of top, called *beigoma*, a popular children's toy in beginning in of the seventeenth century Japan. *Beigoma* were originally made by filling spiral seashells with sand and melted lead, but at the beginning of the twentieth century they were made out of cast iron. Gradually they lost popularity as new toys and games began to appear after World War II. Today there is only one factory in Japan that still manufactures these tops.

To read more about this subject please go to www.jin-japan.org/kidsworld/cool/01-04-06/beyblades.html

Hong Kong - Profits Tax Treatment For Electronic Commerce

The Hong Kong Inland Revenue Department recently released Departmental Interpretation and Practice Note No.39, clarifying the application of Hong Kong's tax laws to e-commerce and discusses the characterization of payments and the significance of a server as a basis for taxation. The conclusions were similar to those of the Organization for Economic Co-operation and Development (OECD) while the differences were due to the different legislation and basis for taxation in Hong Kong.

As a general proposition, where the principal place of business operations of a company engaged in EC is in Hong Kong, profits earned by the company will be liable to Profits Tax. By way of illustration:

(a) A company that has all of its business operations in Hong Kong apart from operating a server that is at its disposal and located outside Hong Kong for EC purposes will be liable to Profits Tax.

(b) A company that has all of its business operations outside Hong Kong apart from operating merely a server that is at its disposal and located in Hong Kong for EC purposes will not be liable to Profits Tax.

For more detail please refer to:
www.info.gov.hk/ird/ipn/ipn39.pdf

Canada – Food Service Sector on North American Cruise Lines

Source: U.S. Department of Agriculture. North American cruise lines represent 68% of the world's cruise capacity, and spent US \$717 million on food and beverages in the U.S. in 1999.

Opportunities exist for products that "remain fresh throughout a cruise, meet the unique packaging and disposal requirements and differentiate themselves from other onboard offerings."

Cruises, once mainly for the older, leisure class, is becoming an increasingly mainstream vacation option.

There is potential for new customers. The industry anticipates 10-20% growth for the next three to five years.

For Hawaii companies interested in supplying this market segment, key areas are: 1) supplier's dependability in timing of delivery and ability to deliver in large quantities, 2) quality and consistency of the product, 3) product's ability to keep fresh for the duration of the cruise, 4) disposal of product waste and packaging, and 5) products that will differentiate one cruise ship from another.

Cruise lines load 95-100% of their food needs at their port of debarkation. They cannot wait for late delivery and require suppliers that guarantee delivery. Average cruise is 6 days.

Products that require little training to prepare and serve are very attractive.



Hong Kong - Alternative Fuel Tech./Transport Sector

"Air pollution in Hong Kong remains a prominent issue, not only because of its effect on the health of human beings, but also because high levels of air pollution have tarnished Hong Kong's image as a business center and tourist destination. Most locally generated air pollution is from the diesel-heavy transport sector. Over the past few years the Hong Kong Government has been developing legislation and control strategies to improve air quality. Proposed measures include requiring all private cars run on unleaded gasoline; converting entire taxi fleets from diesel to liquefied petroleum gas consumption by 2006; and recommending that pre-Euro standard diesel buses install catalytic converters. Local laws require that all imported passenger cars must have catalytic converters installed and meet exhaust emission standards."

The report provides more details regarding Hong Kong's transport sector, emission standards, alternative fuels, and marketing opportunities and constraints.



China's Accession to the WTO

(Continued from page 1)

ever, the absolute volume of China's imports will increase considerably, and Hong Kong will have a role of handling a smaller share of an expanding "pie" of Chinese imports.

Hong Kong will continue to be a key player in imports into China as it has extensive connections with China, strong trade skills, knowledge of products and world markets, shipping facilities, financing, and marketing skills.

The Hong Kong trade community is a strong supporter of China's accession to the WTO and it has publicly stated that it expects stronger economic growth as a result of the agreement.



More Events and Forums

Hawaii Air Cargo Symposium

DATE: September 20-21, 2001

PLACE: Ala Moana Hotel (Honolulu)

COST: \$150 for participants; \$75 for students; \$100 for one day (includes continental breakfasts, luncheons, refreshments, 9/20 reception, and conference materials).

As a reminder, Hawaii exporters may be interested in attending the upcoming 2001 Hawaii International Air Cargo Symposium, September 20-21, 2001, at the Ala Moana Hotel, Honolulu. Sponsored by the Hawaii Air Cargo Association, this year's theme is "Profiting from Air Cargo." The event promises to have two days packed with presentations from experts in the industry and trade exhibits as well. Call the UH Conference Center for more information. Tel: 956-8204 Fax: 956-3364

Doing Business in Hong Kong and its Neighboring Regions

DATE: September 25, 2001, Tuesday

TIME: 8:00 am to 12:30 pm (7:30 am registration)

PLACE: Asia Room - Hawaii International Conference Center, East West Center

ADDRESS: 1777 East West Road, Honolulu, Hawaii 96848

RSVP: By September 20th Seating is limited

COST: \$25/person for Chamber of Commerce, Hawaii Technology Trade Association (HTTA) and Federation of Hong Kong Business Association Worldwide Members (FHKBAW), \$35/person for others and RSVP/payment after Sept 20th

Speakers:

Ronald Brown, *Professor of Law and Director, Center for Chinese Studies*; Johnson Choi, *President & Executive Director, Hong Kong China Hawaii Chamber of Commerce*; Manuel D Garcia, *Attorney at Law*; Alan Kojima, *VP, American Customs Brokerage Co Inc*; Elvira Lo,

(Continued on page 4)

Japan - Top 10 Department Stores Headquarter Sales in 2000 (million \$US)

\$10,103.48	- Takashimaya Department Store Osaka
\$ 8,195.31	- Mitsukoshi Department Store Tokyo
\$ 6,735.25	- Daimaru Department Store Osaka
\$ 5,024.34	- Isetan Department Store Tokyo
\$ 4,904.97	- Seibu Department Store Tokyo
\$ 4,495.64	- Marui Department Store Tokyo
\$ 4,277.75	- Tokyu Department Store Tokyo
\$ 3,536.92	- Matsuzakaya Department Store Aichi
\$ 3,347.16	- Hankyu Department Store Osaka
\$ 1,638.71	- Tobu Department Store Tokyo

Japan -Top 10 General Merchandise Stores Sales in 2000 (million \$US)

\$26,301.75	- Ito Yokado Co., Ltd. Tokyo
\$24,695.93	- Daiei Co., Ltd. Hyogo
\$23,208.80	- JUSCO Co., Ltd. Chiba
\$14,598.81	- Mycal Corporation Osaka
\$ 9,937.50	- Uny Corporation Ltd. Aichi
\$ 9,077.74	- Seiyu Foods Co., Ltd. Tokyo
\$ 3,337.49	- Life Corporation Osaka
\$ 3,091.49	- Izumiya Co., Ltd. Osaka
\$ 1,020.36	- Daimaru Peacock Inc. Osaka
\$ 1,018.95	- Valor Co., Ltd. Gifu



Note: FX rate: Yen 118/USD

Source: Nihon Keizai Shimbun (www.nikkei.co.jp), Japan Department Store Association (www.depart.or.jp), Japan Chain Store Association (www.jcsa.gr.jp/index_1.htm)

More Events and Forums

(Continued from page 3)

President, *Elvira Chocolat*; Alan Ma, Attorney at Law, *Former Hawaii DBEDT Hong Kong Representative*; Manuel Menendez, Director, *Office of Economic Development, C & C of Honolulu*; Robert Murphy, Director, *U. S. Dept of Commerce*; Puongpun Sananikone, President & CEO, *PacMar Inc.*; Qing Wu, *Professor of American Studies-Beijing Foreign Studies University, Representative of Beijing Municipal People's Congress*; Alan Yee, *Partner, Grant Thornton*; Shaw Yen, Sr. VP, *Beimei Consulting Group*; and Michael Zhang, *President & CEO, Blue Hawaii Surf LLC*.

Sponsored by: The Chamber of Commerce of Hawaii, Hong Kong Economic and Trade Office in San Francisco, Hong Kong General Chamber of Commerce (Hong Kong), Hong Kong Trade Development Council, U.S. Department of Commerce - Honolulu, and Office of Economic Development - City and County of Honolulu. Call (808) 222-8183, email: info@hkchcc.org, web: www.hkchcc.org/Event.htm

Italy – Tourism to the U.S.

Source: U.S. & Foreign Commercial Service – Milan. Although Italy ranks as one of the world's top tourist destination, the Italian people take vacations outside Italy – 33% of the adult Italian population travels abroad every year.

In 2000, Italy was the 7th largest overseas market for the U.S. tourism industry, and with a daily per capita spending of US\$117 (1999 data), the Italian tourists in the U.S. are among the largest spenders.

New York and California remain the preferred U.S. destination for Italian travelers. The Italian tourists to the U.S. show a stronger interest in history, culture, and nature, and as a result, there have been strong growth in Boston, New England, and Washington D.C. as destinations for Italian travelers.

The U.S. remains the preferred long-haul destination for Italian travelers, and for many, the U.S. is considered the “dream destination.”

INTERNET RESOURCES

“*iMarcopolo 2001 Global Economic Development Directory*” provides a wealth of links and information for government, business and academia. The site can be found at: imarcopolo.intranets.com

For more information please email: admin@imarcopolo.intranets.com

China - Pharmaceutical Market

Source: U.S. & Foreign Commercial Service – Shanghai. Over the past few decades, China's pharmaceutical market has

emerged as one of the world's leaders in total sales volume. Pharmaceutical sales in China have grown an average of 14% for the past 15 years, and the total market was at US\$8 billion in 1999. According to *Euromonitor International*, Western imports accounted for nearly two-thirds of the total.

There is an increasing acceptance of Western drugs in China, especially among the younger generation. The traditional Chinese medicine industry remains a strong competitor.

According to the report, with the longer life expectancy, anti-aging pharmaceuticals and drugs that can improve the immune system have good growth potential in China.

However, due to the competitive prices of domestic drugs and the Chinese medical insurance system, domestic pharmaceuticals hold a 70% market share.

Hawaii suppliers should be aware of “widespread infringement of intellectual property.” When piracy occurs, it is often undetected. If it is detected, it often goes unpunished. As a result, foreign pharmaceutical companies are discouraged from exporting their “cutting-edge products.”

E. Germany -Biotechnology Latest Developments

Germany is one of the world's fastest-growing biotechnology regions. The Federal Ministry of Education and Research is supporting sector developments with about USD 476 billion (DM one billion) per year. Consequently, the number of German biotech start-ups has doubled over the past two years. In this process, some regions in Eastern Germany are turning into leading biotechnology locations, such as Dresden and Leipzig (in the State of Saxony), Halle and Gatersleben (in the State of Saxony-Anhalt), and Jena and Bad Langensalza (in the State of Thuringia). These bio-tech centers are interested in joining forces with respective U.S. firms.

Japan – Asparagus Market

Source: U.S. Department of Agriculture. From January to May 2001 Japan imported 3,312 metric tons of fresh asparagus from the U.S. – down 35% from the previous season.

Reasons were due to: 1) the weakened Japanese yen – it lost 11-15% of its

value compared to the previous season rate, and 2) the weak domestic market discouraged Japanese traders from importing fresh asparagus.

Asparagus imports from Mexico to Japan also declined during this period.

Pricing remains an important factor for marketing asparagus. The Japanese supermarkets only market retail prices of 100-200 yen for a bundle of 100 grams. As a result, if there is a weak yen, the importer's profit margin is greatly reduced.

A typical bundle of asparagus consists of three to four spears. In comparison, domestic asparagus is traded at 1,200 to 2,100 yen for one kilogram at Tokyo's Ohta Wholesale Market.

Most of the fresh asparagus imports from the U.S. occur from March to May. Hawaii asparagus farmers may have a potential niche market provided the right importer is found, the supply and quality is consistently high, and the asparagus is price-competitive.

Report Request Form

Trade Invest Monthly

Hawaii's International Business Network

Company: _____

Contact person: _____

Address: _____

City: _____

Zipcode: _____

Telephone: _____

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Report(s) requested:

- ☐ Japan—Import of Decorative Accessories
☐ Japan—Herbal Products
☐ New Zealand – Energy/Power
☐ Korea – Apparel Market
☐ Hong Kong—E-commerce Profit Tax
☐ Canada – Food Service Sector NA Cruiselines
☐ Hong Kong - Alternative Fuel Tech/Trans
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☐ China - Pharmaceutical Market
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☐ Japan – Asparagus Market

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